



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHINIE
Lieutenant Governor

February 3, 2004

David Penney
Heather Scholz
Penney's Gemstones, LLC
2400 East 30 South
P.O. Box 312
Beaver, Utah 84713

Subject: Transfer of Notices of Intention, Lost Gems #1 (S/001/056); Sliver 1-2 (S/001/035); Sliver 3-4 (S/001/057); Lucin Variscite (S/003/034); Pretty in Pink (S/027/073); White Tiger (S/027/093); Fantasy Land Jasper (S/027/096); Little Spot (S/027/024); Rapunzel (S/023/083); Carol Mine (S/001/064); and Green Chameleon (E/001/148), Beaver, Box Elder, Juab and Millard Counties, Utah

Dear Mr. Penney and Ms. Scholz:

On February 2, 2004, we received your notices of intention to transfer the above mentioned permits from David Penney/Penney's Gemstones to Penney's Gemstones, LLC or Earth's Partners, LLC. We also received a copy of your Certificate of Registration from the Division of Corporations showing that Penney's Gemstones, LLC is registered with the state of Utah. Thank you for providing that information.

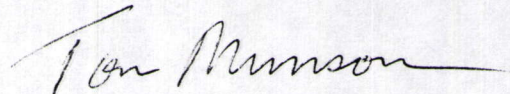
We regret to inform you that the transfers are deficient. The legal description is not included. Rather the statement "see file" is written in where the legal description needs to be placed. The document needs to be complete before upper management will allow this to go through to the Division Director. We are not legally allowed to alter a document that has been signed and notarized to add the information, even if we knew exactly what the legal description of the land affected was. Also, a topographic map was not submitted with the transfers. Page one of the transfer form states, "Attach a topographic map . . . of suitable scale . . . which clearly outlines the existing disturbed area boundaries affected by the operation through the date of this transfer."

David Penney, Heather Scholz
Page 2 of 2
Permit Transfers
February 3, 2004

We are returning the transfer forms to you to complete (or redo). Please provide the missing information along with clearly marked maps, and then return to us for acceptance by the Division Director. Please be advised that you will also need to notify the BLM that you are changing the operator name. The local area BLM may be able to help you with disturbed area maps if you don't have accurate maps.

Thank you for your help in finalizing this permitting action. Please contact me at (801) 538-5321 if you have any further questions in regard to this letter.

Sincerely,

A handwritten signature in black ink that reads "Tom Munson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tom Munson
Senior Reclamation Hydrologist

jb

Enclosure: 11 partially completed transfer forms

cc: Ed Ginouves, BLM, Cedar City FO
Jerry Mansfield, BLM, Fillmore FO
Mike Ford, BLM, SLFO

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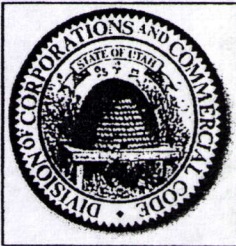


Klare Bachman
Executive Director
Department of Commerce

Olene S. Walker
Governor
State of Utah

Kathy Berg
Director
Division of Corporations
& Commercial Code

DAVID LAMAR PENNEY
PENNEY'S GEMSTONES LLC
2400 E 30 S
BEAVER UT 84713



State of Utah
Department of Commerce
Division of Corporations & Commercial Code

CERTIFICATE OF REGISTRATION

LLC - DOMESTIC

This certifies that **PENNEY'S GEMSTONES LLC** has been filed and approved on **5/23/2001** and has been issued the registration number **4925197-0160** in the office of the Division and hereby issues this Certification thereof.

KATHY BERG
Division Director

FEB 02 2004

New DOGM File No.: _____
This Section For DOGM Use:
Date Received: _____
Date Effective: _____

UTAH STATE DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

UTAH MINED LAND RECLAMATION ACT

Chapter 8, Title 40
Utah code Annotated
Amended 1987

TRANSFER OF NOTICE OF INTENTION
SMALL MINING OPERATIONS

SMALL MINING OPERATION

Name of Claim/Mine: Little Spot
File Number as Assigned by DOGM (Original Notice): S 12701024
Legal Description (Location of Lands Affected): See file
1/4 1/4 1/4 Section Township Range County
1/4 1/4 1/4 Section Township Range County

Attach a topographic map (labeled as Appendix "A") of suitable scale (max. scale, 1 inch = 200 ft., 1 inch = 100 ft. preferred) which clearly outlines the existing disturbed area boundaries affected by the small mining operation through the date of this transfer.

CURRENT OPERATOR (Transferor)

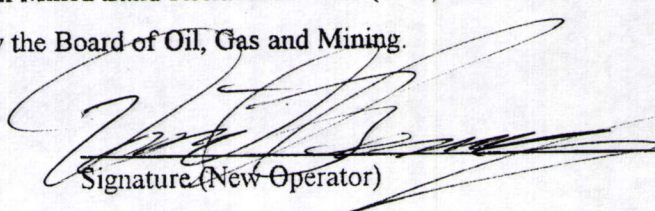
Name of Company/Operator: David Penney / Penney's Gemstones
Address: 2400 East 30 South Box 312
City: Beaver State: UT Zip Code: 84713
Telephone Number: (435) 438-5522
Signature: [Signature]
Name (Type or Print) David Penney
Title/Position: Owner / operator Date: 1/28/04

I hereby transfer the notice of intention and the reclamation obligation for the aforementioned small mining operation to: Penney's Gemstones LLC

NEW OPERATOR (Transferee)

Name of Company/Operator: Penney's Gemstones LLC/David Penney
Address: 2400 East 30 South P.O. Box 312
City: Beaver State: UT Zip Code: 84713
Telephone Number: (435) 438-5522

I hereby commit to conduct mining operations and to reclaim the aforementioned small mining operation as required by the Utah Mined Land Reclamation Act (40-8) and Minerals Rules R647-3 et seq. as promulgated and approved by the Board of Oil, Gas and Mining.


Signature (New Operator)

David Penney
Name (Type or Print)

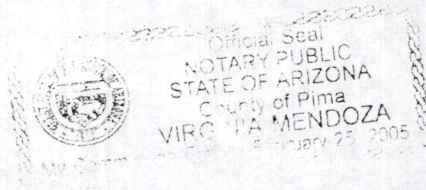
R.A. President
Title/Position

Subscribed and sworn before me this 30th day of January, 2004.

Virginia Mendoza
Notary Public

My Commission Expires:

Feb 25, 2005



State of AZ)
County of Pima) ss.

DIVISION APPROVAL CERTIFICATION

This is to certify that I have examined this application for transfer of the aforementioned small mining operation and do hereby grant approval of the same, subject to the following limitations:

- (a) This transfer of small mining permit grants only the right to affect the lands as legally described in this application.
- (b) The transferee, or such other person as required by UCA 1953, Title 40-8, as amended, has acquired the legal right to enter and mine the lands as described in this application.
- (c) A topographic map of suitable scale is attached (as Appendix "A") which clearly outlines and labels the existing disturbed area boundaries through the date of this transfer.

COMMENTS:

APPROVED BY:

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

Effective Date: _____